

WOODBURY COUNTY AREA SOLID WASTE AGENCY

NEWS RELEASE

FOR IMMEDIATE RELEASE

Hunzelman, Putzier & Co., PLC Storm Lake, Iowa today released an audit report on Woodbury County Area Solid Waste Agency.

The firm reported that Woodbury County Area Solid Waste Agency receipts totaled \$424,748 for the year ended June 30, 2005. The receipts included \$186,170 in city and county assessments, \$186,854 in user fees and gate receipts, and \$32,873 interest on investments. Disbursements for the year totaled \$300,391.

A copy of the audit report is available for review in the office of the Auditor of State and Woodbury County Area Solid Waste Agency's office.

WOODBURY COUNTY AREA SOLID WASTE AGENCY

INDEPENDENT AUDITOR'S REPORTS

FINANCIAL STATEMENT AND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FINDINGS

JUNE 30, 2005

WOODBURY COUNTY AREA SOLID WASTE AGENCY

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENT AND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2005

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WOODBURY COUNTY AREA SOLID WASTE AGENCY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Gary Merkel	Chairperson	City of Cushing
Max Dunnington	Vice-Chairperson	City of Pierson
Tom Rowse	Member	City of Correctionville
Dale Petersen	Member	City of Sergeant Bluff
Ava Lewon	Member	City of Bronson
Robert Mohrhauser	Member	City of Danbury
Jeff Nitzschke	Member	City of Lawton
Jim Fisher	Member	City of Merville
Gary Adkins	Member	City of Oto
Bill Shreve	Member	City of Salix
Jeff Redmond	Member	City of Sloan
Mike Sauser	Member	City of Anthon
Doug Walish	Member	Woodbury County
Bob Batcheller	Member	Woodbury County
Maurice Welte	Member	Woodbury County
Nancy Countryman	Secretary/Manager	

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

WESLEY E. STILLE, C.P.A.
JEFFORY B. STARK, C.P.A.
KEITH C. GERMANN, C.P.A.
RICHARD R. MOORE, C.P.A.
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Independent Auditor's Report

To the Members of Woodbury
County Area Solid Waste Agency

We have audited the accompanying financial statement of Woodbury County Area Solid Waste Agency as of and for the year ended June 30, 2005. This financial statement is the responsibility of the Agency's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of Woodbury County Area Solid Waste Agency as of and for the year ended June 30, 2005 and the changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2005 on our consideration of Woodbury County Area Solid Waste Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 5 through 8 is not a required part of the financial statement, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Hunzelman, Putzier & Co.

October 12, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Woodbury County Area Solid Waste Agency provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of Woodbury County Area Solid Waste Agency is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the Agency's financial statement, which follows.

2005 FINANCIAL HIGHLIGHTS

Operating receipts increased 11%, or approximately \$38,000, from fiscal 2004 to fiscal 2005.

Operating disbursements decreased approximately \$187,000, or 38%, from fiscal 2004 to fiscal 2005.

Cash basis net assets increased 17%, or approximately \$124,000, from June 30, 2004 to June 30, 2005.

USING THIS ANNUAL REPORT

The Agency has elected to present its financial statements on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the cash basis of accounting, revenues and expenses, and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets and their related revenues and liabilities, and their related expenses are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the financial statement. The annual report consists of the financial statement and other information, as follows:

Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Agency's financial activities.

The Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Net Assets presents information on the Agency's operating receipts and disbursements, non-operating receipts and disbursements, and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the financial statement.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Net Assets

The purpose of the statement is to present the receipts received by the Agency and the disbursements paid by the Agency, both operating and non-operating. The statement also presents a fiscal snapshot of the cash balance at year end. Over time, readers of the financial statement are able to determine the Agency's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

Operating receipts are received for gate fees from accepting solid waste and assessments from the members of the Agency. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments and gains on the sale of assets. A summary of cash receipts, disbursements, and changes in cash basis net assets for the years ended June 30, 2005 and June 30, 2004 is presented below:

	<u>Changes in Cash Basis Net Assets</u>	
	<u>Year Ended June 30,</u> <u>2005</u>	<u>2004</u>
Operating receipts:		
City and County assessments	\$186,170	\$ 187,953
User fees and gate receipts	186,854	149,555
Salvage receipts	18,146	15,392
Miscellaneous	<u>705</u>	<u>1,375</u>
Total operating receipts	<u>391,875</u>	<u>354,275</u>
Operating disbursements:		
Salaries and benefits	154,097	137,694
Capital improvements	39,701	252,408
Other	<u>106,593</u>	<u>97,327</u>
Total operating disbursements	<u>300,391</u>	<u>487,429</u>
Excess (deficit) of operating receipts over operating disbursements	<u>91,484</u>	<u>(133,154)</u>
Non-operating receipts:		
Interest on investments	32,873	32,628
Gain on sale of assets	<u>-</u>	<u>1,872</u>
	<u>32,873</u>	<u>34,500</u>
Change in cash basis net assets	124,357	(98,654)
Cash basis net assets, beginning of year	<u>716,147</u>	<u>814,801</u>
Cash basis net assets, end of year	<u>\$840,504</u>	<u>\$ 716,147</u>
Cash Basis Net Assets		
Restricted for:		
Closure	\$118,956	\$ 109,076
Postclosure	<u>372,027</u>	<u>324,907</u>
Total restricted net assets	490,983	433,983
Unrestricted	<u>349,521</u>	<u>282,164</u>
Total cash basis net assets	<u>\$840,504</u>	<u>\$ 716,147</u>

FINANCIAL ANALYSIS OF THE AGENCY - (Continued)

In fiscal 2005, operating receipts increased by \$37,600, or 11%. The increase was primarily a result of gate fees increasing by \$37,400 due to an increase in waste received. In fiscal 2005, operating disbursements decreased by \$187,038, or 38%, from fiscal 2004. The decrease was primarily due to the purchase of a Caterpillar tractor for \$116,272 and a recycling truck for \$110,650 in 2004.

A portion of the Agency's net assets, \$490,983 (58%), is restricted for closure and postclosure care. State and federal laws and regulations require the Agency to place a final cover on the landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. The remaining net assets, \$349,521 (42%), are unrestricted net assets that can be used to meet the Agency's obligations as they come due.

LONG-TERM DEBT

At June 30, 2005, the Agency had no long term debt outstanding.

ECONOMIC FACTORS

Woodbury County Area Solid Waste Agency continued to improve its financial position during the current fiscal year. The current condition of the economy of the state continues to be a concern for Agency members because it filters down to the county level which affects the landfill as we receive money from the county. Some of the realities that may potentially become challenges for the Agency to meet are:

The facilities and all the equipment require constant maintenance and upkeep. Woodbury County Area Solid Waste Agency has begun to construct a solid waste transfer station, with completion expected in November, 2005. The total cost of this project will be approximately \$450,000 and we will begin transferring garbage to the Jackson, Nebraska landfill beginning approximately July 1, 2006 in accordance with a three year contract. Subsequent to June 30, 2005 the Agency borrowed approximately \$173,000 from a local bank in connection with building the transfer station building.

The Iowa Department of Natural Resources and the EPA have made significant changes in the Iowa Code. Any landfill in the state of Iowa without a sub-title D liner must stop solid waste disposal by October 1, 2007.

Annual deposits required to be made to closure and post closure accounts are based on constantly changing estimates and the numbers of tons of solid waste received at the facility.

Woodbury County Solid Waste Agency received a loan from the Iowa DNR in the fall of 2005. The agency purchased a baler at a cost of approximately \$48,000 for recycling. The landfill hopes to generate approximately \$20,000 a year from the baling of the recycling. The county landfill has also purchased trailers to place in the towns for the purpose of gathering more cardboard and paper items.

Woodbury County Area Solid Waste Agency has seen some big changes in the past three years. The summer of 2006 will see more changes as we cover the present site with four feet of additional cover dirt and seed down to natural grasses. The Agency anticipates the next two or three years will be financially challenging and will maintain a close watch over resources to uphold the Agency's ability to react to unknown issues.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Agency's finances and to show it's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Woodbury County Area Solid Waste Agency, 200 Ida Avenue, Merville Iowa.

WOODBURY COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS NET ASSETS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

Exhibit A

Operating receipts:	
City and County assessments	\$ 186,170
User fees and gate receipts	186,854
Salvage receipts	18,146
Miscellaneous	705
Total operating receipts	<u>391,875</u>
Operating disbursements:	
Salaries and benefits	154,097
Contracted services	4,474
Fuel, oil, and lubricants	18,910
Operating supplies and repairs	15,324
Office supplies	3,101
Telephone	2,394
Utilities	2,428
Travel and continuing education	2,364
Insurance	12,410
Engineering and testing services	16,362
Accounting and legal	3,031
Iowa Department of Natural Resources tonnage fee	12,126
Tire disposal	5,001
Recycle processing and disposal	7,999
Capital improvements:	
Trees	2,040
Power washer	3,400
Engineering - transfer station	25,191
Other improvements	9,070
Miscellaneous	669
Total operating disbursements	<u>300,391</u>
Excess of operating receipts over operating disbursements	91,484
Non-operating receipts:	
Interest on investments	<u>32,873</u>
Change in cash basis net assets	124,357
Cash basis net assets, beginning of year	<u>716,147</u>
Cash basis net assets, end of year	<u>\$ 840,504</u>
	(Continued)

WOODBURY COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS NET ASSETS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

Exhibit A
(Continued)

Cash Basis Net Assets

Restricted for:

Closure	\$ 118,956
Postclosure	<u>372,027</u>
Total restricted net assets	490,983
Unrestricted	<u>349,521</u>
Total cash basis net assets	<u><u>\$ 840,504</u></u>

See notes to financial statement.

WOODBURY COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

1. Summary of Significant Accounting Policies

Woodbury County Area Solid Waste Agency was formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to develop, operate, and maintain solid waste facilities in Woodbury County on behalf of the units of government which are members of the Agency.

The governing body of the Agency is composed of one representative from each of the twelve member cities and three representatives from Woodbury County. The representatives are appointed by the participating political subdivisions and each has one vote.

A. Reporting Entity

For financial reporting purposes, Woodbury County Area Solid Waste Agency has included all funds, organizations, agencies, boards, commissions, and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Agency are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

Woodbury County Area Solid Waste Agency maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Agency is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items, including the estimated payables for closure and postclosure care. Accordingly, the financial statement does not present the financial position and results of operations of the Agency in accordance with U.S. generally accepted accounting principles.

WOODBURY COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

1. Summary of Significant Accounting Policies - (Continued)

D. Net Assets

The following accounting policy is followed in preparing the Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Net Assets.

Restricted Cash Basis Net Assets - Funds set aside for payment of closure and postclosure care are classified as restricted.

2. Cash

The Agency's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Agency; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency had no investments meeting the disclosure requirements of Governmental Auditing Standards Board Statement Number 40.

Interest rate risk - The Agency's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Agency.

3. Pension and Retirement Benefits

The Agency contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Agency is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$6,950, \$6,198, and \$5,766 respectively, equal to the required contributions for each year.

4. Compensated Absences

Agency employees accumulate a limited amount of earned but unused vacation leave hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as

WOODBURY COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

4. Compensated Absences - (Continued)

disbursements by the Agency until used or paid. The Agency's approximate liability for earned vacation payments payable to employees at June 30, 2005 was \$5,071. This liability has been computed based on rates of pay in effect at June 30, 2005.

5. Closure and Postclosure Care

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period.

Estimated total costs would consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period, and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually due to the potential for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Agency have been estimated to be \$138,462 for closure and \$465,055 for postclosure, for a total of \$603,517 as of June 30, 2005. The estimated remaining life of the landfill is three years.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure accounts to accumulate resources for the payment of closure and postclosure care costs. The Agency has begun to accumulate resources to fund these costs and, at June 30, 2005, assets of \$490,983 are restricted for these purposes, of which \$118,956 is for closure and \$372,027 is for postclosure care. They are reported as restricted cash basis net assets on the Statement of Receipts, Disbursements, and Changes in Cash Basis Net Assets.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Agency is required to demonstrate financial assurance for the unfunded costs. The Agency has adopted the local government dedicated fund mechanism.

WOODBURY COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

5. Closure and Postclosure Care - (Continued)

Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources:

The fund is dedicated by local government statute as a reserve fund.

Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.

Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

Chapter 567-111.8(7) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Agency is not required to establish closure and postclosure accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

6. Solid Waste Tonnage Fees Retained

The Agency retains solid waste tonnage fees in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2005, the Agency had no unspent tonnage fees.

7. Risk Management

The Agency is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 509 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

WOODBURY COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

7. Risk Management - (Continued)

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Agency's annual contributions to the Pool were \$5,728 for the year ending June 30, 2005.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Agency also carries commercial insurance purchased from other insurers for coverage associated with the employee bond and workers compensation. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. Major Customer

For the year ended June 30, 2005 the Agency received approximately 27% of its user fees and gate receipts or 12% of total receipts from one major hauler.

WOODBURY COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

9. Construction Contracts and Commitments

The Agency has entered into the following contract which was not completed as of June 30, 2005.

<u>Project</u>	<u>Total Contract Amount</u>	<u>Amount Paid as of 6-30-05</u>	<u>Remaining Commitment as of 6-30-05</u>
Transfer station - building	\$419,889	\$ -	\$419,889
Transfer station - engineering	<u>30,000</u>	<u>25,191</u>	<u>4,809</u>
	<u>\$449,889</u>	<u>\$25,191</u>	<u>\$424,698</u>

The remaining costs will be paid from funds on hand or funds borrowed from a local bank on a line of credit in the amount of \$200,000. The line of credit was issued July 13, 2005.

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

WESLEY E. STILLE, C.P.A.
JEFFORY B. STARK, C.P.A.
KEITH C. GERMANN, C.P.A.
RICHARD R. MOORE, C.P.A.
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Members of Woodbury
County Area Solid Waste Agency

We have audited the accompanying financial statement of Woodbury County Area Solid Waste Agency as of and for the year ended June 30, 2005, and have issued our report thereon dated October 12, 2005. Our report expressed an unqualified opinion on the financial statement, which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodbury County Area Solid Waste Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Woodbury County Area Solid Waste Agency's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe all of the reportable conditions described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodbury County Area Solid Waste Agency's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the members and customers of Woodbury County Area Solid Waste Agency and other parties to whom the Agency may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Agency during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Kunzelman, Putzier & Co.

October 12, 2005

WOODBURY COUNTY AREA SOLID WASTE AGENCY

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2005

Findings Related to the Financial Statement:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- A. Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that bank deposits, opening mail, recording receipts and disbursements, checks and payroll preparation, and bank reconciliation are all handled by either of two individuals.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - Copies of the paid warrants are mailed monthly to all board members and a list of warrants to be paid is presented at every board meeting. The board has a second person reconciling monthly bank statements and preparing the quarterly tax returns. The monthly warrants presented to the board are signed by the chairman.

Conclusion - Response accepted.

- B. Prenumbered Receipts - The scale tickets being used are not prenumbered.

Recommendation - The scale tickets should be prenumbered and the numerical sequence accounted for to provide additional control over the proper recording of all collections.

Response - Scale tickets have been ordered with the numbers printed on the top right side at additional cost to the agency. The scale tickets left will be used until they are gone before the numbered tickets will be used.

Conclusion - Response accepted.

Other Findings Related to Statutory Reporting:

1. Official Depositories - A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
2. Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No disbursements of Agency money for travel expenses of spouses of Agency officials or employees were noted.

WOODBURY COUNTY AREA SOLID WASTE AGENCY

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2005

Other Findings Related to Statutory Reporting: (Continued)

4. Business Transactions - Business transactions between the Agency and Agency officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Owner of J.J. Motor, Inc. is the brother of the Agency Manager	Repairs, parts	\$ 1,692

Recommendation - The board should determine that the transactions do not represent a conflict of interest.

Response - This is the only business within a reasonable distance which has a facility large enough to accommodate the large vehicles the Agency operates. The Board reviews all documentation supporting these expenses and all disbursements are approved by the Board.

Conclusion - Response accepted.

5. Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

6. Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Agency's investment policy were noted during the year ended June 30, 2005, however, the investment policy has not been reviewed in several years and may not reflect the Agency's current practice. Also, subsequent to June 30, 2005, the Agency invested \$300,000 in an annuity with an insurance agency. An annuity does not appear to be an allowed investment according to Chapter 12B of the Code of Iowa.

Recommendation - The investment policy should be reviewed periodically and updated as necessary. Also, the Agency should request that their attorney review this investment to determine if this is an allowed investment. If it is not, the Agency should take immediate action to redeem this investment and invest the funds in an account covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

Response - The landfill attorney is preparing a new investment policy for the Agency and the attorney has also contacted the State Auditor's office regarding the investment in the annuity. The state auditor will be contacting the State Treasurer to determine if this is an allowed investment.

Conclusion - Response accepted.

7. Solid Waste Tonnage Fees Retained - During the year ended June 30, 2005, the Agency used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

WOODBURY COUNTY AREA SOLID WASTE AGENCY

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2005

Other Findings Related to Statutory Reporting: (Continued)

8. Financial Assurance - The Agency has established a local government dedicated fund as provided in Chapter 567-111.6(9) of the Iowa Administrative Code to demonstrate financial assurance for closure and postclosure care costs. The calculation is made as follows:

	<u>Closure</u>	<u>Post Closure</u>
Total estimated costs for closure and postclosure care	\$138,462	\$465,055
Less: Balance of funds held in the local dedicated fund at June 30, 2004	<u>109,076</u>	<u>324,907</u>
	29,386	140,148
Divided by the number of years remaining in the pay-in period	<u>3</u>	<u>3</u>
Required payment into the local dedicated fund for the year ended June 30, 2005	9,795	46,716
Balance of funds held in the local dedicated fund at June 30, 2004	<u>109,076</u>	<u>324,907</u>
Balance of funds required to be held in the local dedicated fund at June 30, 2005	<u>\$118,871</u>	<u>\$371,623</u>
Amount Agency has restricted and reserved for closure and postclosure care at June 30, 2005	<u>\$118,956</u>	<u>\$372,027</u>

9. Form 1099 - The Internal Revenue Service requires that Form 1099 be prepared when disbursements for services to a non-corporate entity exceed \$600 in a calendar year. The Agency is currently not issuing any 1099's.

Recommendation - The Agency should monitor yearly disbursements by vendor and issue a Form 1099 if required.

Response - The Agency in the past years has prepared 1099's but failed to send these out in the audit year of 2004-2005. It was an oversight by the manager and it will not be overlooked again.

Conclusion - Response accepted.